

Message Text

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SUBJECT: MOUNTING NORWEGIAN CRITICISM OF DEAL WITH SWEDISH
VOLVO DEFERS NORWEGIAN PARLIAMENTARY RATIFICATION OF AGREEMENT

REF: A) STCKHOLM 2053, B) STOCKHOLM 2105, C) STOCKHOLM 2576

1. THE SWEDISH PRESS, ON AUGUST 10, DEVOTED CONSIDERABLE
SPACE TO THE AGREEMENT RECENTLY CONCLUDED BETWEEN THE SWEDISH
VOLVO COMPANY AND THE NORWEGIAN GOVERNMENT UNDER WHICH THE
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PAGE 02 STOCKH 03102 110929Z

LATTER WOULD SHARE OWNERSHIP IN THE SWEDISH COMPANY ON A
40-60 PERCENT BASIS. THIS SWEDISH-NORWEGIAN DEAL ALSO PROVIDES
FOR NORWEGIAN CONCESSIONS TO A VOLVO SUBSIDIARY TO EXPLORE FOR
OIL IN NORWAY'S OILFIELDS IN THE NORTH SEA (SEE REFTELS).

2. RECENT PRESS ARTICLES HERE SAY CRITICISM OF THE
AGREEMENT HAS BEEN MOUNTING IN NORWEGIAN INDUSTRIAL AND

OPPOSITION QUARTERS. ORIGINALLY IT WAS THE INTENTION THAT THE AGREEMENT BE PRESENTED FOR PARLIAMENTARY RATIFICATION DURING THE AUTUMN SESSION OF THE STORTING (NORWEGIAN PARLIAMENT). HOWEVER, NORWEGIAN INDUSTRY MINISTER OLAV HAUKVIK ANNOUNCED ON AUGUST 8 THAT SUBMISSION OF THE AGREEMENT FOR STORTING APPROVAL WOULD BE POSTPONED UNTIL EARLY IN 1979. ACCORDING TO THE SWEDISH PRESS HE ATTRIBUTED THE DEFERMENT MAINLY TO A REQUEST OF THE STORTING OPPOSITION FOR MORE TIME TO STUDY THOROUGHLY THE IMPACT ON THE NORWEGIAN ECONOMY AND TO WEIGH POSITIVE AND NEGATIVE ASPECTS AGAINST EACH OTHER. NORWEGIAN PRIME MINISTER ODDVAR NORDLI IS QUOTED AS DENYING THAT POLITICAL CONSIDERATIONS LIE BEHIND THE POSTPONEMENT.

3. SWEDISH TELEVISION REVIEW OF THE AGREEMENT CLAIMED THAT GROWING NUMBERS OF NORWEGIAN ECONOMISTS AND INDUSTRY EXECUTIVES ARE LEANING TOWARD THE VIEW THAT VOLVO HAS MORE TO GAIN FROM THE AGREEMENT THAN HAVE NORWEGIAN INTERESTS. MOREOVER, THE SWEDES BELIEVE SKEPTICISM IS MOUNTING IN NORWAY AS TO THE WISDOM OF THE NORWEGIAN GOVERNMENT'S MAKING LARGE CAPITAL INVESTMENT IN THE AUTOMOBILE INDUSTRY CONSIDERING THE HARSH COMPETITIVE CLIMATE PREVAILING IN THAT SECTOR. NONETHELESS, THE NORWEGIAN GOVERNMENT, ACCORDING TO THIS TV REVIEW, APPEARS TO REMAIN STRONGLY IN FAVOR OF THE SWEDISH-
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PAGE 03 STOCKH 03102 110929Z

NORWEGIAN JOINT VENTURE. THEIR ATTITUDE IS PORTRAYED AS SAYING THAT "THE DEAL WITH VOLVO NATURALLY INVOLVES SOME RISK-TAKING BUT, AFTER ALL, WHAT BUSINESS VENTURE DOESN'T?", AND THE STORTING, AFTER AN IN-DEPTH STUDY OF THE AGREEMENT'S IMPLICATIONS, IS EXPECTED TO APPROVE OF THE DEAL WHEN IT IS SUBMITTED FOR RADIFICATION EARLY IN 1979.

4. WE WOULD GREATLY APPRECIATE EMBASSY OSLO'S ASSESSMENT OF ACCURACY OF THESE VIEWS.
KENNEDY-MINOTT

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